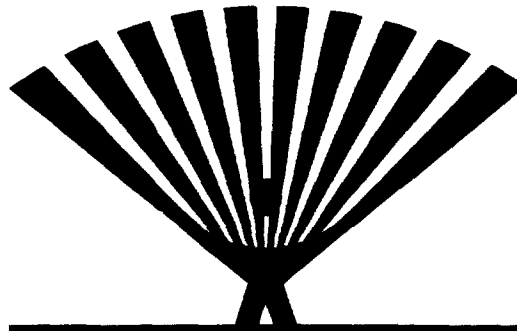


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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

SMALL CITIES CABLE TELEVISION

August 25, 1993

The Honorable James H. Quello  
Chairman  
Federal Communications Commission  
1919 M Street, N.W. Room 222  
Washington, D.C. 20554

Re: Impact of Proposed Rules on Smaller Cable Companies  
MM Docket #93-215

Dear Chairman Quello:

At a brown bag lunch on July 19 you stated your support for the Commission's defining "small" cable television companies as those with annual revenues of less than \$7.5 million, in line with the Small Business Administration's definition. I congratulate you on your support and encourage you to lead the Commission in providing relief to small cable companies. Helping owners of small systems alone will not be sufficient, as I explain below.

(I was the lone cable operator present at that public brown bag luncheon, during which you patiently answered a number of my questions and listened to my comments as a small cable operator.)

At the luncheon you asked that I send my fellow small cable operators a message to press for an adequate budget for the Commission with Congress, and to build support for a flexible approach to regulating smaller companies. I passed your request on in a memo to the Small Cable Business Association ("SCBA") members visiting Washington that week. (I am SCBA New England coordinator.)

I am writing to thank you for your support and to encourage you to formalize it in the Commission's forthcoming Report and Order regarding rate regulation of cable television companies. In addition, I encourage you to lead the Commission in establishing mechanisms which avoid placing small cable companies in the same box as the big MSOs. Big and small cable companies have different interests which should be recognized by the FCC.

Small companies must be responsive to their customers, who see owners like me at the grocery store, at school board and town meetings and at social events. If pictures are bad or a Small Cities technician is rude, I hear about it, and I take care of it. As a small local company, my company also pays high prices for our independence in the cost of everything we purchase, and do.

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For example, it takes as much effort to file comments on proposed rules for a company of 4,000 subscribers as for 4,000,000.

Because of these burdens and challenges, I must tell you that I fear small cable companies like mine who operate rural cable systems of more than 1,000 subscribers are in danger of being overlooked in the Commission's new rules, and squeezed to the edge of financial ruin. This is because companies like Small Cities with 4,000 subscribers are treated exactly like the biggest MSOs with millions of customers.

Since rates were deregulated in the mid-1980's, the founders of many small companies have taken huge personal risks to wire areas avoided by major MSO's. Unless we get adequate relief from the Commission, little companies like mine and the people who built them could literally be ruined.

I am not a get-rich-quick speculator like many financial players who have come and gone from the cable business. I learned the cable business working for a number of MSOs, then started my company. I risked everything to start this company.

My life's savings are tied up in my cable business. I built it from scratch, raised the equity, guaranteed its loans, expanded and tied together new towns with encouragement from local authorities. My hope is that my young sons will some day work for the business.

Neither I nor the 10 limited partners who helped me finance the business have made unreasonable profits. In fact, over 8 years the partners have received only one \$30,000 cash payout on their \$900,000 equity investment, equalling only about 4/10 of one percent per year.

Yet because the new Cable Act instructs the Commission to reduce administrative burdens on systems with fewer than 1,000 subscribers and is silent about small companies, the Commission has given very little attention to the plight of small "companies" like ours who have more than 1,000 subscribers.

Once again, thank you for your support of small cable companies. I hope and trust that you will have the opportunity to independently review the "Comments of Small Cities Cable Television" which we are simultaneously submitting in this proceeding.

Yours truly,



Paul J. Growald  
General Partner

cc: Mr. William F. Caton, Acting Secretary